

**LOWER PAXTON TOWNSHIP AUTHORITY  
RE-ORGANIZATIONAL and BUSINESS MEETING  
TUESDAY, FEBRUARY 25, 2014**

**Call to Order**

The annual re-organizational meeting of the Lower Paxton Township Authority was called to order at 6 p.m. by Chairman Pro Tem Steven Stine on the above date at GHD Engineering Services, 1240 North Mountain Road, Harrisburg, Pennsylvania.

Authority members present were William B. Hawk, William C. Seeds, Sr., William L. Hornung, Gary A. Crissman, David B. Blain, and Robin Lindsey. Also in attendance were George Wolfe, Township Manager; William Weaver, Sewer Authority Director; Steven Stine, Authority Solicitor; Mark Hilson, Authority Engineer; Jim Wetzel, Authority Operations Manager; Jeff Wendle, Alton Whittle, Tim Parthemore, and Jodi Reese, CET Engineering Services; Jay Wenger and John Hewlett, Susquehanna Group Advisors; and Watson Fisher, SWAN.

**Pledge of Allegiance**

Mr. Seeds led the recitation of the Pledge of Allegiance to the Flag.

**Election of Chairman of the Board**

Mr. Stine questioned if anyone wanted to make a nomination for the position of Chairman. Mr. Blain nominated William C. Seeds Sr., as Chairman of the Authority Board. The nomination was seconded by Mr. Crissman. The nomination was closed and a unanimous vote to approve William C. Seeds, Sr. as Chairman of the Lower Paxton Township Sewer Authority followed.

Mr. Seeds requested at this time, that all those present introduce themselves. Having done this he moved to the election of the Vice Chairman.

**Election of Vice Chairman**

Mrs. Lindsey made a motion to nominate David Blain as Vice Chairman. Mr. Hornung seconded the motion. The nominations were closed. Mr. Seeds called for a voice vote and a unanimous vote followed.

### **Election of Secretary**

Mr. Crissman made a motion to nominate William L. Hornung as Secretary. The nominations were closed. Mr. Seeds called for a voice vote and a unanimous vote followed.

### **Election of Treasurer**

Mr. Crissman made a motion to nominate William Hawk as Treasurer. The nominations were closed. Mr. Seeds called for a voice vote and a unanimous vote followed.

### **Election of Assistant Secretary**

Mr. Hawk made a motion to nominate Gary A. Crissman as Assistant Secretary. The nominations were closed. Mr. Seeds called for a voice vote and a unanimous vote followed.

### **Appointment of Solicitor**

Mr. Blain made a motion to appoint the Law Offices of Steven Stine as Authority Solicitor. Mr. Crissman seconded the motion. Mr. Seeds called for a voice vote and a unanimous vote followed.

### **Appointment of Engineer**

Mr. Blain made a motion to appoint GHD Engineering Services, Inc. as Authority Engineer. Mr. Seeds called for a voice vote and a unanimous vote followed.

### **Approval of Authority Engineer's Management Agreement**

Mr. Weaver distributed the fee schedule that was to go along with the Engineering Agreement with GHD Engineering Services. Mr. Blain noted that the agreement calls for an annual fee of \$27,000. Mr. Wendle answered that it is the annual fee divided by twelve. Mr. Blain questioned if the services that are charged beyond that are covered by the fee schedule. Mr. Wendle answered yes. He questioned how much was paid in fees in 2013. Mr. Wendle answered that he did not have that information with him but he could get it. Mr. Weaver suggested that it might be about \$850,000. Mr. Seeds questioned why there are two numbers per fee. Mr. Wendle answered that it is the range of fee that could be charged for that category. He suggested for the staff that is present at the meeting, the rate increase would be between 2.5% and 3% from last

year. Mr. Hornung questioned if the rate is reflective of the amount of work that is done. He noted with HRG, there is a sliding scale as we do less work with them. He noted when we reach a certain level, we get a certain discount. Mr. Wendle noted that the only rate that is substantially discounted is the retainer, noting for last year the value of services was \$43,000 and the retainer was \$21,000. He noted that rate has not been increased since 2008. Mr. Hornung noted that Mr. Wendle is allowing the Authority to use certain people as inspectors. He questioned if that rate remained the same. Mr. Wendle answered yes as it was approved during the November 2013 Sewer Authority meeting. He noted that he discounts those rates as they are committed for the inspector time period even though there have been some delays in getting people out there, they are doing other work for GHD so as not to bill the Authority.

Mr. Blain made a motion to approve the retainer contract with GHD Engineering Services, Inc. Mr. Crissman seconded the motion, and a unanimous vote followed.

#### **Establishment of Regular Meeting Schedule for Authority Board Meetings**

Mr. Hawk made a motion to approve the regular Authority meeting dates for the fourth Tuesdays, in February, May, August and November, at 6 p.m. at the Municipal Center. Mr. Crissman seconded the motion, and a unanimous vote followed.

### **BUSINESS MEETING**

#### **Approval of Minutes**

Mr. Crissman made a motion to approve the November 26, 2013 and January 14, 2014 Authority meeting minutes. Mr. Hawk seconded the motion. Mr. Seeds called for a voice vote and a unanimous vote followed. Mrs. Lindsey abstained from the vote as she was not a member of the Authority at that time.

#### **Public Comment**

No public comment was presented.

### **Chairman/Board Member Comments**

Mr. Seeds explained that the Authority is now comprised of seven members with one member yet to be appointed. He noted that the Authority will be interviewing for the vacant position in the near future.

### **Old Business**

There was no old business.

### **New Business**

#### Action on Resolution 14-02-01 through 14-02-67, authorizing condemnations for properties in the BC-3A Mini-Basin Project

Mr. Weaver noted that there is a typical time schedule for acquiring easements for basin projects and this coincides with the design period projected by GHD for the project. He noted that the project has been designed and is ready for bid. He explained that there are many outstanding easements for this project, 67 to be exact, and he wanted this to be included in the agenda for tonight's meeting rather than do it two or three months from now. He provided a list of those property owners who have failed to sign their easements is attached to the resolution, noting that he expects to get at least half of those documents signed. Mr. Stine noted that normally 10% do not sign the easements.

Mr. Crissman made a motion to approve Resolutions 14-01-01 through 14-01-67; authorizing condemnations for properties in the BC-3A Mini Basin project. Mr. Hawk seconded the motion. Mr. Seeds called for a voice vote and a unanimous vote followed.

#### Action on Escrow Release and Settlement Agreement

Mr. Weaver explained that the Escrow Release and Settlement Agreement has been delivered by Special Council, Scott Wyland. He noted that Steve Stine, Mr. Wolfe and he have reviewed the documents and he recommends approval of the settlement agreement.

Mr. Weaver noted that the settlement agreement was prepared to settle the \$4.5 million initial payment that was delivered and place in escrow from the City of Harrisburg as part of its settlement in December. He explained that the escrow agent needs to be established and Saltzman Hughes has been established as the escrow agent as part of this agreement. He noted that the allocation is found on page three of his letter.

Mr. Weaver explained that the suburban municipalities hired Cherri Freed, a CPA to calculate the percentages that should be applied for each municipality and her report is also found in the packet. He noted that page three of her report shows that the pro-rated share of the report is listed for each municipality, and for Lower Paxton Authority, it is 37.12%. He noted that the Authorities share is not exactly 37.12% due to the overpayments of many municipalities; however, the other section of Mr. Freeh's report makes whole all the other municipalities who overpaid into the City.

Mr. Wolfe noted when overpayments were made, they were made by municipalities at different rates, because some were billed at different rates by the City as they made a mistake; whereas, other municipalities accepted different rates and paid them when the Township did not. He noted that the amount due to municipalities is first based upon the amount of overpayment, and then the percentage is applied.

Mr. Weaver noted that based on the Freed Report, the total is \$1,994,932, the sum of \$993,928.69 plus the other amount that is in Mr. Wyland's memo which is \$444,203.31. He explained that is the first payment due to Lower Paxton Township for the initial \$4.5 million escrow deposit. He explained on April 15<sup>th</sup>, the Suburban Municipalities will get another payment of \$1.5 million and the Township's percentage of 37.12% would bring the total payment to the Township of \$1,994,932 for 2014. He noted that there are additional payments that will be spread out for the next six years, and the 37.12%, the Township's share will be \$2,496,320 with a total settlement of \$4,491,252, noting that is the Township's share of the \$11,225,000 that was settle by the City.

Mr. Crissman questioned if the Township will get those fund as it is a court order. Mr. Weaver answered that Mr. Wyland already has \$4.5 million in the bank. Mr. Wolfe noted that the money is guaranteed by tax revenues. Mr. Stine noted that the money goes into a lock box.

Mr. Seeds noted that we will be getting \$4.5 million but how much do we have now. Mr. Stine explained that the Authority won't get the funds until everyone signs the agreement. Mr. Wolfe noted that this body is doing that tonight. Mr. Seeds noted that we did this as the Board of Supervisors. Mr. Wolfe noted that the municipalities and the authorities that were party to the original agreement with the City of Harrisburg need to sign it. Mr. Stine suggested that it maybe be six members but Susquehanna Township Authority won't sign until March. Mr. Seeds questioned Mr. Stine if there is any issue with it. Mr. Stine answered no.

Mr. Hornung questioned where the City came up with the money. Mr. Stine answered by selling the parking garages and the incinerator and ratcheting down all their other creditors so that it freed up money to do some things. Mr. Wolfe noted that the Authority claimed a credit of \$15.5, so we took a little bit of a hair cut as well. He noted that all the creditors by the agreement approved by the Commonwealth Court took a decrease. Mr. Stine suggested that it was about a 33% haircut from what they were actually owed.

Mr. Seeds questioned when we would receive the \$4,491,000. Mr. Weaver explained that the payments go out through 2019. He noted that the Municipalities will get \$1.5 million in 2015, then another \$1.5, then two payments at \$1 million, and then one at \$225,000. He noted that the Township's share of the \$11.2 million is \$4,491,000.

Mr. Blain made a motion to accept the settlement agreement contingent on all the other municipalities accepting the settlement agreement. Mr. Crissman seconded the motion. Mr. Seeds called for a voice vote and a unanimous vote followed.

Mr. Weaver noted there has been much discussion by all parties in regards to Saltzman Hughes fees. He explained that we will continue to pay their fees for a while. He noted that Mr. Wendle will be getting together with Scott Wyland and Mr. Shambaugh who did the rate study for the City. He noted in 2015, after they start the new plant, and take on debt to build it, another rate analysis will have to be completed. He noted that Scott Wyland will continue to be the Township's special counsel and there will be fees, very small fees until the end of the year when he starts working to determine the new 2015 fee rate that needs to be adjusted for the debt service.

Mr. Weaver noted that the Mr. Wyland's fees were \$580,000 but the municipalities received \$11.2 million noting that the fees comes out to 5%, and typically litigation is much more expensive, more like 25%. He noted that there will continue to be monthly bills, until all this is done. He explained that the municipalities saved money since they paid a reduced rate. He noted that some people are complaining about the fees, but they are cheap when you look at the entire scope of things.

Mr. Wolfe noted that it was total billables; including two accounting firms doing analysis and those services were in excess of \$100,000. Mr. Weaver noted that the Authority has been sending out the bills, so he will send out a memo to all parties that they will start to use the percentages assigned by the accountant. Mr. Seeds noted that we pay the bills and the other parties reimburse us for their costs. Mr. Seeds questioned who Mr. Shambaugh is. Mr. Weaver

answered that he works for AUS consultants, the firm who did the rate analysis. Mr. Wendle explained that they specialize in evaluations of utilities and they were hired to determine the cost of service as compared to what we were being billed.

#### Presentation by Susquehanna Advisors Group for upcoming Bond issue

Mr. Jay Wenger explained that he prepared a presentation for the Authority to start thinking about a schedule for the long list of projects and financings that will need to take place. He noted that the original study completed by GHD contemplate projects starting in 2015. He explained that he wants to discuss the financing options in light of the limited meeting schedule for the Authority Board. He noted on page one, long-term capital needs will require multiple financings, and the first tranche is contemplated at being \$20 million. He noted that we hit the all time low interest rate last summer noting that the ten-year treasury was as low as 1.7% and the current rate is 2.7%. He noted that most agree that the treasury rate will start to rise as a result of economic growth and the Federal tapering is coming to an end. He noted that the rates are still very attractive and low but he expects the interest rate to increase. He noted that a .50% increase in the rate would increase the annual debt service by \$73,112 for a \$20 million financing over 30 years providing a total debt service of \$2,226,468. He noted in present value dollars it is \$1,250,402. He explained if the rate was to increase by 1% it would provide for a annual debt service of \$148,526, with a total debt service of \$4,604,303 with a present day value of \$2,535,012. He noted that it doesn't take long for the rates to increase and he wanted the Authority members to think about it in terms of debt service.

Mr. Wenger noted that one option would be to borrow part of the money in 2014. He noted that it would provide a hedge against rising interest rates, but there is a cost of carrying the debt as you would borrow at today's market and average it out 4.25% as the short term rates are very low, re-investing at .5%. He noted that there is a negative carry from the day you borrow the money until the day you actually spend it. He noted that there would be no debt obligation in 2014 even though a user rate increase was approved for 2014 as the first payment would be made in 2015. He explained that he could capitalize interest as it would offset the negative carry. He suggested splitting the borrowing into two \$10 million issues noted that under the IRS Code, if you issue \$10 million or less in a calendar year, it could be designated as Bank Qualified (BQ). He noted that it draws in a greater pool of investors, noting the more investors you have the greater chance of driving the rates lower. He noted that there is a great difference between BQ

and Non-Bank Qualified (NBQ) loans. He noted that there is an interest rate advantage to having two issues as BQ, although there would be a modest higher financing cost as they would be separated into two distinct financings. He noted that it would be more by offsetting the change in interest rates as the day the Township borrows the money; it would have to state that at closing that you reasonably expect to spend 85% of the funds within three years. He noted that he does not see any reason why you would not spend those funds unless the implementation of the long-term projects was substantially delayed. He noted that there are spending exceptions that are not all that important for other IRS Codes regulations but the important one is to reasonable expect to spend 85% of the funds within three years.

Mr. Wenger noted that there are remaining bond funds that he would like to discuss at the end of the presentation. He noted that Authority projects have been financed as Township General Obligation Bonds noting that the revenue bonds get the benefit of the “Aa2” rating. He noted that it has provided a lower interest rate, having a reimbursement agreement between the Township and the Authority so that the user fees are used to pay the debt service. He noted that given the nature of the debt service he thinks that would be the way to proceed. He noted that it would be difficult to disengage from the Township at this point since you have existing transactions with the subsidy agreement. He suggested that the Authority would have a challenge trying to separate revenues and the distinction of revenues for the purpose of paying the bond issues. He noted that he had a brief discussion with Tom Smida about that and it was his opinion.

Mr. Wenger noted that he needs to discuss how to structure the debt. He noted that given the number of projects the Authority are contemplating there is a technique to defer principal now and put it on the backend of the existing debt to provide level debt service over a longer period of time. He noted that since you have so many projects to be tacked on to the back end it is hard to contemplate that “Wrap Around” debt service would make sense noting that it would push out debt farther with more projects behind it, unless the Authority can’t afford financing this as level debt service. He explained that he has some studies that will show the difference.

He noted that a “Wrap Around” would reduce the debt service by approximately \$230,000 a year for the first 20 some years, but it would increase the overall borrowing by \$10,282,565. He noted that would be great if this was the last project but since there are multiple tranches that need to be financed subsequent to this one, it would be back-ending debt for no gain. Mr. Wolfe noted, in borrowing \$20 million and using a “Wrap Around” it would increase the overall cost of the bond by \$10 million. Mr. Wenger answered yes, as you are deferring the



principal. Mr. Crissman noted that the only reason you proposed it was because it would maintain level debt service. He noted if we don't do that, we could still maintain level debt service. He wanted to make sure that is not the only consideration by just moving the principal to the end of the debt service because by keeping it as part of the debt service we would not have to pay the extra \$10 million.

Mr. Wenger noted on page four it shows the rate history for interest. He noted that the blue line is the ten-year treasury rate and the red line is an index of long term general obligation bonds. He noted that the dip was in the early part of 2013 and we are inching our way back up. He noted if you compare to the 1980's we are still at a very low rate. He noted that page five is an overview of the existing authority debt. He noted that page six would contemplate a 2015 debt service study, showing the existing aggregate debt service and the proposed aggregate debt service. Mr. Crissman questioned what the impact is in terms of level debt service. Mr. Wenger noted on page six, it starts at almost \$4.8 million a year, rising to \$4.9 million and then increases to \$6 million and then starts to decline again. He noted that he added level debt service of \$1.1 million per year. Mr. Crissman questioned if anything would disappear to offset the incoming debt service. Mr. Wenger noted on page five, you can see there is a variety of debt service schedules, some being short with the 2009 D bonds going out to 2039. He noted that the debt is relatively short as some drops off but the existing debt is structured in the aggregate to be about \$4.8 million to \$5.1 million most of the way through this. He noted that there is a little spike in 2031 and 2032. Mr. Crissman noted that he wanted to know what the impact will be on the local rate users.

Mr. Wenger noted that page six contemplates a \$20 million borrowing, noting that it is about \$1.1 million a year using current interest rates. He noted that page seven shows the interest rate sensitivity analysis. Mr. Wolfe questioned if Mr. Wenger took into his analysis any changes in the Build America Bonds subsidy. Mr. Hewlett answered no; however, he took the current level so the existing debt takes into the pull back reduction in that subsidy. Mr. Wenger noted that they were taxable bonds, but the Township gets from the Federal government a subsidy payment which brings it back to what the tax exempt bond should have looked like. He noted that it was done in 2009 as a part of the fiscal cliff. He noted that 2013 sequester resulted in a subsidy that has been reduced slightly. He explained that he has not done any testing but have reduced it to what it currently is.

Mr. Wenger noted that page eight shows borrowing money in 2015 and tranche it into two \$10 million issues. He noted the debt service savings is about \$370,000 with one closing December 31<sup>st</sup> and the next could January 2<sup>nd</sup> 2015. He noted that it would provide the benefit of a lower rate. He noted that we could do one earlier in September or whenever or delay the second one until the first quarter of 2015 as long as we don't see the rates getting away from us.

Mr. Wolfe noted as the Board sits here as both Board members and Authority members, it must be mentioned that should you desire to borrow funds as a Township Board for stormwater improvements, your borrowing by this scenario is fixed at \$10 million so you would have to reduce the amount that goes to the Authority in any one year to apply that amount to a Township stormwater program to stay within the \$10 million threshold. Mr. Wolfe noted that it would also include bonds for the Friendship Center (FC). Mr. Wenger noted that it would not count against the \$10 million for the FC. Mr. Wolfe noted that we did a subsidized borrowing for the FC; however, he was talking about doing a capital investment for the FC.

Mr. Wenger noted that page nine is comparing a "Wrap Around" noting on the right side of the page you can see the debt service noting that it is in the \$945,000 range until 2040 and it spikes to \$3.8 million. He noted with the number of tranches that will have to be added to fully fund the plan, it really jumps. Mr. Crissman noted that it would make for a major hardship for the community. Mr. Wenger noted that you are looking at \$150 million for the long-term plan. He noted that the "Wrap Around" would not help in the long run as you would go from \$36 million in level debt service to about \$46 million for a "Wrap Around". Mr. Blain noted that we are not interested in doing that as we would have a better ability to manage the actual debt every year being steady.

Mr. Wenger noted that the first consideration is driven by when the Authority thinks it would start the projects suggesting that it will start sometime early in 2015. He noted that he has learned that the Authority has a substantial amount of non-bond issue unspent, and he does not know how much is committed and not signed to contracts and not spent yet. Mr. Wolfe noted that the plan is to have it committed by the end of the year. He noted that he would not want to promote a borrowing when the Authority has money to spend. Mr. Seeds suggested that it was mentioned somewhere in the agenda that it may not be spent by the end of 2014. Mr. Wenger noted as long as it is committed to a project the Township will be okay. He noted that we need to discuss the long-term plan. Mr. Hornung questioned why that is so critical. Mr. Wenger noted if you have \$17 million sitting around for the 2009 bond issue noting that it has to

be reasonably spend within three years, he does not want the Township to establish a pattern of borrowing money and having to go past the three year window with a lot of money left. He noted if you have \$17 million remaining it is not as if it is a diminimus amount. Mr. Wolfe suggested looking at how the City of Harrisburg is looked at by the IRS in their inflatable dam bonds. He noted that they are there forever, it is tax exempt bond issue, and they are using the interest from the bonds for non-bond expenditures.

Mr. Wenger noted if there is cash that is not committed; bond counsel would note that you have money that needs to be spent. He noted if you have commitments and you haven't signed the contracts and you haven't spent the money, he understands that. Mr. Hornung questioned if they are worried about arbitrage. Mr. Wenger answered that generally speaking that is the issue and that is why it changed for the tax code.

Mr. Seeds suggested that he hears Mr. Wenger recommending that we should borrow \$10 million by the end of 2014 and another \$10 if we need \$20 million the beginning of 2015. Mr. Wenger suggested that it makes the most sense. Mr. Seeds noted that we need to take into consideration any other debt that we want to incur within the Township. Mr. Wenger answered yes. He noted that he does not want to create more financing that necessary.

Mr. Hornung questioned if the rates are going to go up, why not borrow the money now instead of waiting until January 2015. Mr. Wenger noted that it is about when you plan to spend the money and how quickly can you spend it. He noted if we borrow \$20 million now, we are obligating the Township to debt service from day one. Mr. Hornung questioned what the penalty is if we miss the spending dates. Mr. Wenger answered that there is no penalty. He noted if the interest rates go up you will pay more if you wait. Mr. Hornung questioned what Mr. Wenger's projection is. Mr. Wenger noted that the Federal government is trying to re-inflate the economy. He noted that the new Federal Chairman used those words. He noted that is the first time someone was clear about what they want to do. He noted that everyone wanted no inflation but found out that is not what they wanted. He noted that they are trying to re-inflate the economy at some acceptable rate of inflation. He noted that the Federal Chairman stated that inflation is well below their target, telling him that they are going to re-inflate rates.

Mr. Hewlett noted that it makes sense that the more national debt that you have the more inflation that you have actually would decrease your debt or the percentages.

Mr. Wenger noted that the earliest we could get a financing done would be early summer. He noted that the window that he is talking about is four to six months. Mr. Hornung noted that

the Township would not pay a penalty if it missed the three-year date, but it would pay a penalty if its wait until December, the numbers are fairly large if the interest rates go up a half percent, and if chances are it the rate will go up by the end of the year why not do it now. Mr. Wenger answered that he is not opposed to borrowing \$10 million but if he pushed really hard it would be the middle of May at this point. Mr. Hornung noted that it would be better than December, especially since he has heard that rates will probably go up so why not, based on that information, take advantage of the lower rates we now realizing noting that we might have to write a letter of apology if we meet in three years and we missed the date by a couple of months. Mr. Wenger noted that there would probably be no issue for the first \$10 million if you couldn't spend that within three years. Mr. Hornung noted if the rates increased by half a percent, waiting until January 2015 for the second \$10 million, but what if we do the \$20 million that would not be BQ, what would we lose. Mr. Wolfe suggested that BQ saves one quarter percent. Mr. Weaver noted that you could still do two \$10 million issues. Mr. Wolfe noted that you could do \$20 million now that is not BQ and be done with it based upon the rates that are in effect today and not gamble on the future interest rates. Mr. Wenger agreed that is an option.

Mr. Wendle questioned if the Authority could borrow the money separately. Mr. Stine noted that they would be Authority revenue bonds and the issue would be higher and Mr. Smida would have to come up with a creative way to figure out how to parcel out the authority revenues because now they are going to the Township as general obligation and some would have to be paired off for revenue bonds. Mr. Wolfe noted that we would be managing bonds that are indentured versus bonds that are debt service. Mr. Wenger noted that he discussed this with Mr. Smida and he stated that it is not impossible but it would be a bit challenging to create a document structure whereby you have an indentured and the other side you have a subsidy agreement between the Authority and the Township. He noted that it is possible but it would take some thought by bond counsel to provide a solid answer. Mr. Stine noted that the revenue bonds would have a higher interest rate.

Mr. Hornung noted that he could do a \$10 million BQ and the second would not be BQ if it was done this year. Mr. Wolfe noted that none of it would be. Mr. Hornung questioned what if the first one is BQ and he decides to do another, could they unqualified the first loan. Mr. Wenger answered that they could. He noted that bond counsel would ask when you would plan to do the second borrowing for \$10 million.

Mr. Hornung noted if the interest rate does not increase by a quarter of percent by the end of the year we could break even with borrowing \$20 million or two \$10 million issues. He noted that the gamble is a quarter of a percent. Mr. Hewlett noted that the maximum is a quarter percent but the later bonds would have little impact between BQ and NBQ, noting that it is less than a quarter percent. Mr. Hornung noted if you were a betting man, you would get the \$20 million now. Mr. Wenger noted if you could lay out \$20 million for projects today to spend within three years, given what most economic forecasts say the rates are going to do that is what the betting man would do. He noted that the hedging man would borrow \$10 million now and another \$10 million in January.

Mr. Blain questioned if we could do \$20 million in projects in three years. Mr. Weaver answered that we contemplate doing it now. He noted that he has five other projects in process. He noted that he will have close to \$15 million more at one time. Mr. Hilson noted that he has \$25 million under contract now.

Mr. Crissman questioned how long it would take Mr. Wenger and Mr. Smida to work out spending and borrowing for \$20 million. Mr. Wenger questioned if Mr. Crissman was looking to do \$10 million for the Authority and another \$10 million for the Township. Mr. Crissman answered some variation of that. Mr. Wolfe questioned what the benefit is in having the Authority borrow as the Authority borrows through the Township based upon the Township's credit rating and general obligation authority and agree to subsidize the payment. He questioned why we would change that. Mr. Wenger did not think that you would get a bond counsel opinion that would say that the Authority could do \$10 million and the Township could do \$10 million as BQ since the Authority is a sub unit of the Township. He questioned if the concern is about rates going up, then you borrow \$20 million now versus splitting it into two \$10 million issues.

Mr. Hornung questioned if we should borrow \$20 million now, and gamble that the interest rates will rise about a quarter percent to break even and if they go over that it would be an improvement. Mr. Wenger noted that the other way to look at this is that the rates could go lower but he did not think that is probable. He noted if he borrows \$20 million today and the rates go lower, he would have given up the interest rate but we are talking about interest rates rising. He noted that it comes back to borrowing \$20 million in the next 90 days as opposed to \$10 million in that time period and then borrowing \$10 million in 2015.

Mr. Hornung noted that there are carrying costs for the time at which we borrow it and the time that the funds are spent. Mr. Wenger noted that the carrying costs for \$10 million for

six months would be about \$375,000. Mr. Hewlett noted if you borrow today and the rates do not go up then you incur costs since you borrowed at a high rate and reinvested at a lower rate.

Mr. Hawk noted that we have monitored interest rates before. Mr. Wenger noted that you could do a parameter resolution, which would be an authorization by the Board to proceed with a financing. He noted that normally we walk in on a day that you advertised from the terms and rates that are set in stone at that point, but with a parameter resolution, the Township would have a general authorization to borrow up to \$20 million at a certain interest rate with a not-to-exceed interest rate, that he could monitor. He noted that he could come back within a month for that authorization, but the Township would have to go through the rating process in the next several weeks and then the Township could make a decision to borrow \$10 or \$20 million. He noted that the resolution would authorize up to \$20 million but the Township would not be obligated to do so.

Mr. Seeds noted if we stated to move ahead with borrowing \$20 million, using some of it for the Authority and some for stormsewer, would it have to be stipulated ahead of time. Mr. Wenger answered when you advertise you have to describe what the projects are. He noted that it does not have to be for the dollar and it does not mean that it can never change but the bond counsel will want a fair representation of what you plan to do with the money. Mr. Seeds questioned if there is a penalty for changing it. Mr. Wenger noted that he would capture as many of those projects as he could so the Township would have some latitude for how the first \$20 million would be spent.

Mr. Hornung questioned if the \$375,000 penalty is all interest or reinvestment. Mr. Hewlett answered that it is not a penalty, it is the carrying cost, the interest rates don't change. Mr. Wenger noted that it is a net. He noted that it is the interest you are paying if you would have waited to borrow for six months. Mr. Hornung noted if it was raised a half percent what would it be. Mr. Wenger suggested that it would be \$73,000 a year. Mr. Hornung noted that it is not worth it since the carrying costs are \$375,000 as opposed to \$75,000 difference over a year.

Mr. Crissman noted if we decided to borrow \$20 million could Mr. Wenger provide the numbers to the Board for debt service. Mr. Wenger noted if you look at page six, the blue box in the center is level debt service; the annual debt service is \$1.81 million a year using the current rates. Mr. Crissman noted that it is consistent.

Mr. Crissman noted for where we are currently, what will it jump to or will it level to a place where it remains the same. Mr. Wolfe answered that is the first column on that page. He

noted that it is \$4.8 million a year, noting that it would go up to \$6 million in 2030 and then decrease again.

Mr. Weaver noted with the reduction in interest rate for BQ since the issuance costs are less, noting that it would be higher if we split. Mr. Wenger noted that the underwrite charge is based on a percentage, but where you replicate costs is in bond counsel and some other items. He noted that his goal is to do it the least amount of times, to make the plan work. Mr. Weaver noted if you get a reduction for BQ, it is a significant reduction in the interest rates, and we will have to borrow \$20 million and he knows that he could do it this year, wouldn't it make more sense to do a BQ at the end of the year and do another in January 2015. Mr. Wenger noted that we could do that or borrow the \$20 million now if you think the rates will go higher. He noted that it would take about eight weeks from today. He noted that we have to compile the information; and the rating process could take from two to four weeks. He noted that it would be four to five weeks from that time. Mr. Wolfe noted that we have gone through this process in the last three years.

Mr. Crissman questioned if it would be worth going back to Moody's to try to get an increase in the rating process. Mr. Wenger noted that there is a new rating process at Moody's and he would have to look at the numbers. He noted that they are going through a Global re-evaluation of their existing municipal credit ratings, with the driver being the fund balance. He noted that he would have to do some work to see what the impact would be for the Township. He noted that he heard last week that Adams County would be getting a rate increase that was driven by fund balance. Mr. Crissman noted that he would urge that we do this. Mr. Wenger noted that the Township has a "Aa2" credit rating. He noted that it is kind of a new triple A. He noted that there are not many triple A ratings, noting that it has a lot to due with cash on balance. Mr. Crissman noted that he would not want to bypass an opportunity to possibly gain something. Mr. Hewlett noted that the firm do a lot of work with single A rated townships and counties but the difference between where the Township is, one notch down is significant. He noted that he needs to see if that would be a positive or non event in the rating process.

Mr. Blain questioned if the Board is prepared to do a \$20 million bond offering and to have Mr. Wenger start the process as the Authority can spend it in the next three years.

Mr. Wenger noted that he could do a parameters resolution at the Board's March 18<sup>th</sup> meeting that would state that it wants to borrow up to \$20 million and then he could go through the rating process, see where the market is, and make a final determination if you want it to be

\$10 million BQ or \$20 million NBQ. Mr. Hawk questioned if we did \$10 million BQ could we do another \$10 million BQ. Mr. Wenger noted that we would have to wait until January 2015 but the resolution would allow for doing the \$20 million now if the Board so chooses. He noted that he hears that you want to get the most you can with the expectation that interest rates will rise in 2014. Mr. Crissman noted that Mr. Wenger knows what the Board is thinking but we need his expertise to know what should drive the recommendation.

Mr. Seeds suggested that Mr. Wenger is still recommending borrowing \$10 million at the end of the year and another \$10 million in 2015. Mr. Blain stated that the thinking is now to borrow \$20 million at one time. He noted if we have projects that cost \$20 million; the interest rates will only go up. Mr. Crissman noted that we can spend the money in three years, and we need to let them make a presentation to us when they have all the facts. Mr. Weaver noted that we have enough projects for another three-year window.

Mr. Crissman questioned how long it will take Mr. Wenger to get this all together to come back with a recommendation. Mr. Wenger noted by March 18<sup>th</sup>, he would be prepared to do the resolution. Mr. Crissman noted that he wants good data.

Mr. Seeds questioned if the Authority Board has to ask the Board of Supervisors to borrow the money. Mr. Stine explained that the Township borrows the money and the Authority pays back the Township. Mr. Seeds noted that the Authority is requesting the Board of Supervisors to borrow the money. He noted that the Board of Supervisors may want to borrow \$5 million for stormwater projects. Mr. Hornung noted that we already mentioned this as it depends on the list of projects. He noted that we should have Mr. Wenger get the process moving and the Board will decide what it will spend the money on.

Mr. Wenger noted if the Board decides on March 18<sup>th</sup> to borrow \$20 million, what approvals are needed from the Authority Board at that time. Mr. Stine suggested that would be a Tom Smida question. Mr. Wenger noted that it might require a special meeting of the Authority. Mr. Stine noted that the Authority has done that before and both meetings could be held on the same night. Mr. Wolfe noted that you do not need to wait until the next Authority meeting in May. Mr. Stine noted that the Township would adopt an ordinance and then the Authority adopts a resolution.

Mr. Seeds questioned if we need to tell Mr. Wenger how much of the \$20 million would be spent for sewer projects. Mr. Wenger noted that he is looking for a more global plan for



financing for all projects and that becomes the project. He noted that we don't have to fund everything in the \$20 million but at least we have captured it by way of description.

Mr. Seeds noted that we need to discuss that at some point as the Board of Supervisors. Mr. Wenger noted that he would make a presentation during the March 18<sup>th</sup> meeting and it would provide some time for the two Boards to contemplate what the projects would be. He noted that he does not need it for the rating agency but he suggested that they would want a longer-term capital plan to understand what the Township plans are. He noted that he does not need dollar amounts. Mr. Hornung noted that the Board has good bit of that already done.

Mr. Blain noted that he is not a supervisor and questioned out of the \$20 million how much would go into non-sewer related activity such as stormwater improvements, etc. Mr. Seeds noted that is what we need to talk about. Mr. Crissman noted that the Board of Supervisors along with staff needs to discuss this. Mr. Blain noted that the stormwater issues are pretty substantial. He noted that the Authority may have \$20 million in project to be done but if you are not going to fund those, it will cause problems. Mr. Wenger noted that once we get over the BQ loan amount it doesn't matter. He noted that he needs to know what the parameters are for the resolution.

Mr. Weaver noted that Mr. Wendle's estimate is \$180 million over the next 15 to 20 years so it comes out to about \$10 million a year. He noted that spending \$20 million in three years is not a problem. He noted that we are doing \$30 million in three years. Mr. Wenger noted that it could be \$20 million for Authority projects and then add whatever the Township wants and that would be the draw description. Mr. Seeds noted that the Authority will be receiving money from the City of Harrisburg. Mr. Weaver answered that he has about \$2 million in cash.

Mr. Blain noted that we must make sure for the General Fund side what impact it will have on property tax rates as it adds extra principal and interest. He noted that we already know what it will do for the sewer side as we have laid out what the rates will be for the projects.

Mr. Wenger noted that he will plan on doing a presentation at the March 18<sup>th</sup> meeting.

#### Action on Resolution 14-03 for Destruction of Specific Records

Mr. Weaver noted that each year staff reviews the documents in storage and pull those documents that are eligible to be destroyed by the Pennsylvania Historical Museum Commission's schedule for disposition of records. He noted that attached to the resolution is the documents to be destroyed.

Mr. Crissman made a motion to approve Resolution 14-03; the destruction of certain municipal records. Mrs. Lindsey seconded the motion, and a unanimous vote followed.

Resolution 14-04; authorizing an agreement with PennDOT

Mr. Weaver noted that this is a new application requirement from PennDOT that in order to get a permit, the application must be submitted electronically.

Mr. Crissman made a motion to approve Resolution 14-04; for the electronic submission of permit application to PennDOT. Mr. Hawk seconded the motion, and a unanimous vote followed.

**Township Reports**

Beaver Creek BC-3A Public Meeting

Mr. Weaver noted that staff recently held a public meeting for the Beaver Creek BC-3A project at a local church and for the most part it went very well. He noted that there was one outspoken individual but he told the people that he plans to start the project in June or July; however, the new data for BC-3B became available and he would like to join both projects to make it one. He explained that he will send letters to let the people know that the project will be a little delayed in starting. Mrs. Lindsey questioned what the concern from the one individual was. Mr. Weaver answered that it has to do with the easement and all his trees. He noted that he was angry about the entire project as he wanted to know who would pay to water his grass and buy the hose.

Review status of Second Consent Decree mini-basin construction projects

Mr. Hilson explained that he has six projects under contract: Forest Hills Interceptor is all wrapped up except for restoration work; PC2C-2D, the pipe work is done and restoration needs to be completed as much paving was completed in the fall but there is more work to do in the spring; Forest Hills doing the sewer and lateral work, noting that the sewer and lateral phase has been completed, but he added manholes to the project by way of change order and only a portion of this work being completed as well as some mainline replacement. He noted that the BC 6 project is ongoing as they only had a short shutdown. He noted that PC-5B/E, BC6 North project has started and he learned today that PAC Constructions had a manhole delivery that was a surprise so he left them know that it was not good to start the project with a surprise manhole delivery. He suggested that mainline construction will start a week from Monday outside the

Gale Drive Pump Station and into Gale Drive. He noted that it will not disconnect the Gale Drive Pump Station but they will work their way through the neighborhood to do the manholes in the Condo area and the last part will be the PennDOT work. He suggested that would be done in mid July or later. He noted that it is dependent on the Oakhurst Interceptor project as it must be extended in order to disconnect the Gale Drive Pump Station.

Mr. Weaver noted that he heard from Mr. Clippinger that Susquehanna Township acquired all the easements and they are ready to issue the contract. He noted that he met with Gary Lenker to settle the last easement. Mr. Hilson noted that there is about 1,600 feet of main interceptor work that needs to be done and starting the end of May, they should be able to meet the schedule. He noted that they could hit muck as it is a really wet area and by June it could be flooded. He noted that this would be the best time to do that work, working with the frozen ground.

Mr. Hornung questioned if we are making sure that all the work is getting inspected properly so we don't have to come back in 20 years to fix it. Mr. Hilson answered yes, noting that it has been a team effort with GHD providing inspectors. He noted that the inspectors have been trained and there is now one inspector with every crew. He noted that it was a key operation change as one inspector can't jump back and forth between different crews. He noted that it increased the inspection costs a little bit. Mr. Hornung noted that it is pay-me-now or pay-me-later. Mr. Hilson noted that we brought in a compaction testing crew, noting that utility contractors love to do pipe lines, but they don't want to worry about compacting ditches and doing lawn restoration work. He noted that is what matters to the Authority for long term issues. Mr. Weaver noted that the key is to have good foremen and inspectors and we had two foremen in the last year that screwed up and they made them rip up the pipe. He noted that the contractors got rid of the foremen. Mr. Hilson noted that he stresses this work much in the pre-bid and pre-construction meetings. He noted that the Authority wants a quality long-term project and not a fly-by-night project. He noted that most municipalities do one project a year; however we do many within the year, and it results in a great impact to the residents.

Mr. Weaver noted that there has been a significant slow down in the construction projects over the past two months due to the weather, so the spending will be down for January and February.

Review of Resolution 12-02; reimbursement to  
property owners for private sewer replacement

Mr. Weaver noted that there has been a significant increase in requests for people to seek reimbursement for the sewer replacement. He noted that more communities are affected by the projects and he had seven requests in the past several months for sewer replacement. He noted that he wanted to review the policy with the Board. Two years ago when the Board first did the policy, it was based on a resident who came to a meeting who lived down the street. He noted that staff did not have the foresight to see where this would lead. He noted that many people would like to replace their sewer in advance and some have replaced their sewer. He noted that the public meeting dates that are established are arbitrary and he found out that it does not make sense to punish someone for doing what the Township wants them to do to, which is to maintain their service line and replace them when necessary. He noted that someone replaced their sewer close to the meeting date, and the Authority will not pay them for it but the neighbor who did nothing, even though their sewer is leaking, is getting a new line for nothing. He noted that he felt that it would be reasonable to go back five years.

Mr. Weaver noted as people come in to discuss their systems, staff will have a good idea for future scheduling and could have the I&I crew go out to take a look. He questioned how far the Board wants to go as the engineer recommends not going more than ten years as the program could change. He noted that there are a lot of people that are asking questions about their sewer and they could be in the seven to eight or twelve year period. He noted that he would like to know what the Board would feel comfortable with and he suggested if they are outside the ten-year period, we will not do anything.

Mr. Seeds questioned if Mr. Weaver had anything to discuss for accounts payable as he skipped ahead on the agenda. Mr. Crissman suggested that we should finish the current discussion before moving to something else.

Mr. Weaver noted that he proposed a draft resolution for the Board to discuss. Mr. Seeds questioned if Mr. Weaver was looking for action for this resolution at this time. Mr. Weaver noted that it would occur at the next meeting in May. Mr. Wolfe questioned what is the universe of properties included in the schedule for the ten-year period. Mr. Weaver answered that it would include anyone who is in the corrective action plan. Mr. Wolfe questioned what percentage of the system the Board would be agreeing to fix, no matter what, at any time. Mr. Weaver noted when you get five or six properties at one time it is less than one percent. He noted that he could

show it on the map as they are spread out all over the place. Mr. Whittle noted that he could get the number of properties for Mr. Wolfe.

Mr. Seeds noted that Resolution 12-02 calls for the past five years and you want to change it to the last five years. He questioned why you are choosing five years. Mr. Weaver answered that five years is a reasonable period to assume that the sewer was installed properly in accordance with the specifications and that it will pass an air test. He noted if you go out further than that, they could have used schedule 40 pipe and it might be an issue to pass an air test.

Mr. Seeds noted that Resolution 12-02 talks about the time period after a public meeting. Mr. Weaver noted that is what the Board established but you want to change it to ten years. Mr. Seeds noted under Resolution 14-05, you state under number four that it would only cover materials but under number three, it states that the check would go to the property owner and the contractor. He noted if the work was done in the last five years, he would assume that the person paid the contractor. Mr. Weaver noted that he would not issue the check to both the property owner and the contractor; in the event someone is getting compensated, the Authority would issue the check to the property owner. He noted that someone who replaces the sewer in the past five years can't submit a scope of work, only the invoice. He noted that he would address that language.

Mr. Seeds questioned what about where it stated that the Authority would only pay for the materials. He noted that years ago we had that policy, number four. Mr. Stine noted that this is for the person who digs their own ditch and installs the pipe without using a contractor. Mr. Seeds questioned if this could be done as long as it is inspected. Mr. Weaver answered yes. Mr. Stine noted that there would be no cash outlay for the homeowner's time.

Mr. Weaver noted that he was looking for comments from the Board to see if they had any comments or issues with paying someone who replaced their sewer five years ago.

Mr. Seeds questioned if Mr. Weaver had anything to say about the Accounts Payable. Mr. Weaver noted that he wanted to include it in the report since we were having discussions on the financial bond issues. He noted that the final report for the year is not completed yet. He noted that it shows that the amount of bond money remaining is \$17.2 million. He explained that he hopes to have the final financial information in March.

Mr. Weaver noted that he would defer the next three items until the Engineer's Report.

Concord Street Sewer Replacement Request  
Update on Beaver Creek Station Wet Weather Pump  
Updated of plan to transfer wet weather grinder pumps to homeowners

**Engineer's Report**

SC-1B and SC-1C Capacity Analysis and Attachments

Mr. Whittle noted that Mr. Weaver received a letter from a property owner that lives on Concord Street that had a basement backup. He noted that he did an evaluation using the pipe capacity and the flows that he had previously projected for bigger events and found that there was localized loss of capacity in those lines for what they are currently experiencing. He noted that the homeowner has a reason for the backups that are localized for the area. He noted that there may be some restriction problem from the Swatara Authority as well but we are unable to make that determination at this point. He noted that moving forward two meters were installed since the last time it was metered was in 2003, and he will do an evaluation using hydrologic models to see what those lines can convey under a surcharge condition which is permitted in Spring Creek. He noted that it is likely that there will be additional project work in Spring Creek due to these backups.

Mr. Weaver noted that we like to hear from the public and because this person reached out it was found that the Sewer Department has a potential problem in this area. He noted that Mr. Whittle had to do more work and modeling to look at the downstream area, and to get local information for Concord Street. He noted, in the past, the Authority has provided people with basement backups a grinder pump or a check valve. He noted that this person has asked for help and he questioned what the Authority Board wants to do. Mr. Crissman questioned what we have done before for other people. Mr. Weaver answered that staff has helped if it was thought to be a long-term issue but he does not have enough information at this time to know that. Mr. Crissman questioned if he needs to collect more data before he could make a recommendation. Mr. Weaver answered yes, but he wants to respond to the person's letter. Mr. Crissman suggested that he respond by letting them know that we need to collect more data to determine what needs to be done. Mr. Weaver answered that he can do that. Mr. Crissman noted that he is not prepared to provide direction if there is not enough data to base a recommendation.

Mr. Whittle noted that there was no information in the letter for how often this has occurred. He noted that the recent event was an excused event. Mr. Seeds questioned what Mr. Weaver is going to do. Mr. Weaver answered that there are no plans to do any work in that

location but he needs to wait until Mr. Whittle completes his study to determine how big a problem it is for Concord Street. Mr. Seeds suggested that it may be clay pipe in that location. Mr. Weaver answered that it may show that we have more work to do in Spring Creek as the pipes are fifty plus years old.

PC Basin Storage Volumes Memo and Attachments  
and Storage discussions with Triple Crown

Mr. Weaver noted that he was approached by Mr. Mark DiSanto from Triple Crown Corporation (TCC) about the possibility of using treated sewage to spread on his golf courses as there are times when he is in a drought situation. He questioned if there were any situations where the Authority and Mr. DiSanto's golf courses could benefit each other. Mr. Seeds suggested that it is good thinking on TCC's point.

Mr. Weaver explained that it would not work as TCC needs water when it is dry and the Authority has excess water when it is really wet. He noted that Mr. Wendle came up with an idea that Mr. Whittle will address.

Mr. Weaver noted that the only place that the Authority wanted to do storage was in the area of Stray Winds Farm (SWF) for the neighboring property, which at the time the neighbor was not interested. He noted that he spoke to Mark DiSanto about this, noting that the Authority would pay him for the use of his property, and we could put storage tanks underground under the park. He explained that he was interested in this noting that Mr. DiSanto wants to help the Authority.

Mr. Whittle noted on the map for Paxton Creek, everything in gray has been completed and this has reduced significantly the number of overflows. He noted that he is down to two potential overflow areas having significant success in Paxton Creek. He noted when staff looked at reevaluating the location for storage, it was decided to determine what the new volume of storage would be and there is a potential of having a reduction of the storage requirements needed at 10.57 discharge of flow capacity for the City of Harrisburg. He noted from what was originally thought that was needed in 2011, 11 million gallons, the permitting capacity is 9.10 million gallons, so anything about that line is what we would have to store. He noted that we are currently down to 2.7 million gallons. He noted in looking at the reduced flows, there is not sufficient flow to pull out of the pipe at the golf course location to meet the storage needs. He noted that they would not be able to meet the total needs of storage by diverting flow to the golf course.

Mr. Wendle noted that the original agreement between Lower Paxton Township and Susquehanna Township totaled 12.3 mgd, noting that Lower Paxton Township had 7.79 mgd and Susquehanna Township had the balance. He noted that the permit for the interceptor going to the City of Harrisburg is for 14.2 mgd. He noted that the two Boards agreed a few years ago to share the balance between 12.3 mgd and 14.2mgd based on what you would pay for cost sharing. He noted that it provides 8.9 mgd for Lower Paxton Township. He explained that he spoke to DEP about going to 10.5 mgd as the two Authorities could put 17 mgd to the City of Harrisburg and not overflow, but at this point, it would be good to shoot for the permitted capacity as Harrisburg backs up before we even get to it.

Mr. Wendle noted that he would like to speak about the SWF area. He noted that Mr. Whittle was evaluating the Goose Valley Road interceptor that runs along the back of the Colonial Country Club as we could possibly pull water from it, it could be stored in that area, but there is not enough in that area. He noted that two main interceptors come together from Paxton Church Road in Susquehanna Township, which makes up the SWF area. He noted that Mark DiSanto mentioned that he has the Colonial Country Club course and Blue Ridge Golf Course to the north, and he would not be adverse to putting in a storage facility if the Authority could provide some water for him and pay him for some of the land. He noted this is the best location for it. He noted that it would not have to be pumped a long way as that is where all the flow is located and you would be able to store it in that location but it would have to be stored underground. He noted that he must put some cost estimates together for this as we are entering the zone of costs per gallon noting that the peaks looks similar to before as he was unable to measure all the overflows, but now we can measure just about everything. He noted that the peak flow is about 17 mgd and if we had to reduce it to 9 mgd that is 7 mgd of peak flow. He noted that a rough estimate of installing a 3 million gallon storage facility would be equivalent to \$2.5 to \$3 a gallon per day. He noted that we are now starting to approach the rehabilitation price, noting in 2007, he projected that when he got to 2 million gallons of storage it would be cost effective. He noted that Mr. Whittle is saying that based upon the peak flow and what the volume was for the control basin to make sure we have a similar storm in terms of duration. He noted that stopping a peak is one thing but storing a long duration storm is another issue. He noted that we need to seriously think about obtaining a place to put storage since we are getting to the point where we will cross between the price per gallon of peak flow removed and what it would cost to store it. He noted that he was encouraged to see this number.



Mr. Weaver explained to Mr. DiSanto that when it is wet he doesn't need the water for his golf courses. He noted that Mr. DiSanto would like to trade off having the water as he is limited for one of his golf courses for what the Susquehanna River Basin Commission (SRBC) will allow him to pull out of the ground. He noted if not he will have to buy water. He noted that Actiflo is a biological technology that could be installed to treat a small flow and it is very inexpensive to maintain providing 10,000 to 15,000 gallons per day to fill a pond and keep it full. He noted that it would be cost effective for Mr. DiSanto and provide the Authority the land for a cheap price. Mr. Wolfe questioned how Mr. DiSanto would get the water from the pond to the golf course. Mr. Wendle answered that he would have to pump it to either one of the golf courses. Mr. Hornung questioned if we would have to run a line. Mr. Wendle suggested that the pond would be located on a golf course. He noted that the Authority could keep the pond full. He explained that he will look at the costs to see if it would incentivize Mr. DiSanto to provide the land to the Authority at a very good price. Mr. Crissman questioned how much of a financial investment is Mr. DiSanto willing to make. Mr. Weaver noted that he is not looking to make any investment financially but he wants to help the Authority. He noted that Mr. DiSanto has the land at the perfect location for storage. Mr. Wolfe suggested that it would be a significant distance to get water to the golf courses noting that it would have to cross a State Road at a bad spot. Mr. Wendle suggested that it would be a small pipe. Mr. Weaver noted that Mr. DiSanto has no option as he was told by the SRBC that he is not allowed to get any more water for his golf course. He explained that he would have to drill wells for public water but if he can get sewage treated water for free and give up some land it is to his benefit. Mr. Wendle noted that there would be permitting and other things necessary to do this and it is certainly worth investigating.

Mr. Seeds stated the he did not think that SWF was the best location for storage. Mr. Wendle noted that it is for underground storage. Mr. Whittle noted that he was looking to put the storage at one of the golf courses, but there is not enough flow to do that. He noted for SWF there would be more than enough flow for storage.

Mr. Seeds questioned what Susquehanna Township is doing. He noted that they purchased land for storage and to build a park. He questioned if it involves the Township. Mr. Wolfe noted only if you want to build their park for them. Mr. Wendle noted that Susquehanna Township Authority bought the land near I-81 in December. Mr. Wendle noted that they wanted Lower Paxton Township to pay a proportional share of the land costs.

Mr. Weaver noted that it would make sense to have Mr. Wendle complete his study for storage at SWF to come up with a cost estimate for the Board and then compare it to the costs for Susquehanna Township. Mr. Seeds noted that we could revisit that at some time. He suggested that SWAN may not be too happy about storage in SWF. Mr. Crissman suggested that it would be a win/win situation for both the Authority and Mr. DiSanto and the residents would have underground storage and it would not be visible.

Mr. Weaver suggested if we build the storage, the State might allow the Authority to slow down on its projects. He noted that the State would have to approve this and he would think they would approve it but they don't have to. Mr. Wendle noted that storage is part of the consent order. Mr. Weaver noted that it was slated to be done in the last five years.

Mr. Seeds noted under number 7 in the Engineer's Report, there is a 75% reduction in the need for storage in Paxton Creek. He questioned if it is that high. Mr. Whittle answered that the event on January 31, 2013 was one of the highest peak events on record. He noted that it might not be exactly 75% as we only had one major event. Mr. Seeds questioned if that is for one basin only. Mr. Whittle answered that it is for the entire Paxton Creek basin. He noted along with the reduction in the overflows it shows that we have reduced the overflows significantly.

Mr. Hornung questioned if you fill the tank up, would you not want to get rid of what is in there as quick as possible. Mr. Wendle agreed, noting that he wants to pump it slowly over to the golf course. He would be taking a continuous flow of waste water from the sewer at a very low rate to fill the pond all the time. Mr. Hornung noted when it rains, they won't need the water and we normally get the high peaks during a wet weather event, but you don't get it during a dry time. Mr. Wendle noted that we have sewage all the time and he would treat a small amount. Mr. Hornung noted that the only advantage is that Mr. DiSanto is providing a location for the storage tanks. He noted that it would incentivize him to provide a good deal to the Authority. He noted that he would never suggest it for any other reason.

Mrs. Lindsey questioned what if you do all this work and then he closes the golf course. Mr. Wendle noted that we will have the site for storage and would not have to treat anything. He noted that we will need the storage and if the golf course is developed, he did not know where you would get the wherewithal to treat that unless you change the plan to treat it at the golf course, which you could do. He noted that the same technology works very well in small communities.

## Clay Dams

Mr. Weaver noted that the Authority had an incident where it flooded a basement and he wants to change the policy for how staff looks at clay dams. Mr. Crissman questioned if this is the result of one incident. Mr. Weaver noted that this is the result of the Baptist office on Fritchey Street. Mr. Wolfe noted that this has nothing to do with Mr. Parmer's concerns.

Mr. Wendle explained when you install sewers; they are bedded in stone, which makes a wonderful French drain. He noted that the ground water can follow along the trench. He noted in areas where we have a lot of relief, we will put a clay dam in the trench to keep it from migrating or moving the stones and having sediment. He noted that the Authority had a policy where the homeowner could request a clay dam and the owner requested one, it was not put in and the water followed their trench and groundwater got into his basement. He noted to protect the homes from any of the groundwater migration through the sewage trench; the clay dam stops the migration of water towards the house. He suggested that it is the best practice to put one in to keep the water from washing from the sewer main into the house. He noted that the water migrates for a house at the bottom of the hill. Mr. Seeds noted that Mr. Wendel would like this to be a policy and he questioned how much it would cost. Mr. Wendle noted that it not part of the International Plumbing Code, and it was not recommended, but due to the issue that we are having he is recommending that we do it.

Mr. Weaver noted that there is a risk. Mr. Hornung questioned if we could do it in low areas. Mr. Wolfe noted if you do it selectively, sooner or later we might misjudge, and a property owner could have issues either way. He noted that there could be some confrontation. Mr. Hornung noted that we only had one confrontation at this time. Mr. Hilson noted that many people wrestle with the idea, they don't understand it, and they try to pin staff down for what they should do. He noted that if they have protections in their basement and we warn them to put in a sump pump ahead of time or a floor drain to daylight, a clay dam allows them to keep the water on their side of the dam and we keep our waste water on our side. He noted that we get a lot of questions in regards to this but if you put it back for the public to decide they have no idea. Mr. Hornung noted that you would not give them an option either way as staff would just put them in.

Mr. Weaver noted that we go to a public meeting and tell the people about the clay dam and they must check yes or no. He noted that they get angry with Mr. Hilson since he is an engineer and he will no commit one way or the other. He noted that for the last five or six mini-

basins, about 70% of the people chose the clay dams. He noted that 30% of the people chose not to have a clay dam installed. He noted that we had inspectors in the field looking at the trenches and ground water while they are standing there and the water is moving away from the house in the trench. He noted that they were afraid to install the clay dam because if they did that, where would the water go; it would back up into the basement. He noted at the time they made the right decision but because they didn't put it in, the property got flooded and it was never flooded before. He noted that there were other factors involved in this case. He noted that he is not sure the lack of a clay dam was responsible for the damage but he thinks that Mr. Wendle is correct in putting clay dams everywhere; however, there is a risk in that the water that used to go down the trench has no place to go anymore. Mr. Wendle noted that the clay dam is close to the house; whereas, originally, they were put at the property line, but then there was an area that could convey water and by putting it close to the house, where will the water come from that will backup. He noted that anything on the property that is away from the house could still migrate off. Mr. Wolfe noted that it will work either way depending on water level and hydraulic pressure, it will go one way or the other.

Mr. Wendle noted that we would be preventing water coming from the main to the house. Mr. Shannon questioned if staff has had any reports from the 70% of the people who have opted for the clay dam. Mr. Weaver noted that the one case is very unique and he has never had a problem with people who have installed clay dams, other than a little water penetration on the foundation wall. He noted that is how they came up with the idea of clay dams. He noted out of the thousands that have been done, possibly four or five have had a little water at their foundation in their block wall. He noted that it has not been a huge problem until this one place flooded and he could not determine how much of the contribution was the lack of a clay dam or the fact that we had nine inches of rain.

Mr. Weaver noted as we remove water from the sewer system, there will be more surface water and more ground water and more complaints. He noted that we are already seeing it as properties are getting flooded and it is getting worse. He noted that Mr. Whittle can tell you that due to Global Warming, the forecast is for more intense storms. He noted that he will need direction from the Board for how to deal with these issues. He suggested that this is the first step in doing clay dams. Mr. Seeds questioned if Mr. Weaver is looking for approval from this Board. Mr. Whittle noted that 6 million gallons during one event did not go into the system, but it was in the properties.

Mr. Seeds questioned if he wanted the choice to be made by the homeowners. Mr. Weaver noted that we should put clay dams in for all properties and we would be okay. Mr. Hornung noted that the only potential that he sees is if someone would try to sue the Township stating that it is not standard operating procedure for the industry and they may come back to us if we back up their basements. He suggested that the likelihood of their having an argument is pretty slim.

Mr. Wendle noted in the agreement it warns the people that we are doing this and after this project they could have basement water problems. He noted that he has had an experience where the water has gone into the house with force. Mr. Weaver noted that we take the water out and it goes somewhere else and we create more headaches and with more intense storms there will be more water.

Mr. Seeds questioned if a motion is in order. Mr. Weaver noted that we don't need a motion as the direction of the solicitor is that it would be part of the private sewer replacement agreement.

#### Beaver Creek BC-3B

Mr. Shannon noted that BC 3A has been on the list and was identified in 2011 as high priority mini-basin in Beaver Creek when the Corrective Action Plan (CAP) was revised. He noted that BC 3B is upstream in the area of Blue Valley and Blue Stone and it is a smaller mini-basin than BC 3A. He noted that he received a memo from Mr. Whittle that showed metering was done a couple years ago and BC 3B is now a high priority as well as 3A. He noted that the latest information is that they should be combined and done as one large project. Mr. Wolfe questioned what would the estimate be for combining the two projects. Mr. Shannon answered that it would be about \$6 million. Mr. Hilson noted that the project would be awarded in the fall and construction would start late in the year; however, if we have another winter like this one, it could be delayed and it would then run into 2015 to finish. He noted that with BC 4ABC running after that, it would mean that the majority of that money would be spent starting in 2015.

Mr. Shannon noted that we already ordered the survey for BC 3B but the snow piles are along the curb and most manholes are starting to clear at this time. He noted that the weather is effecting the ability to move forward with this.

Mr. Shannon noted for the Engineer's Report, BC 3A has been the focus for this last quarter, getting it ready to bid. He noted that it was scheduled to go to bid in the middle of March but it will be pushed back three months to include BC 3B. He noted that he has been

working on permitting BC4A,B,C, near Holy Name of Jesus Church on Allentown Boulevard, the south side of I-81. He noted at the same time we are working on the Springford Village Treatment Plant decommissioning for Trunk G and getting the Beaver Creek Pump Station pump replacement contract ready for advertisement.

Mr. Whittle noted that we are talking more than \$20 million in projects. He noted that anything in dark on the map shows construction projects that have occurred since the last February meeting. He noted that the gray areas are projects that have been completed and the light colors are in ones in design. Mr. Hornung requested Mr. Whittle to email this map to him every time it is revised. Mr. Wolfe noted that we can do both. Mr. Hornung noted that the maps provide a much better visual concept of where the work is occurring.

Mr. Shannon noted he looked at the Paxton Creek five-year plan taking it into 2012 through 2017, and he put out a Request for Proposal (RFP) for survey services for PC 4C/4E which is the peak area in the middle of the Township around Paxtonia, and Lakeside Marine. He noted that RJ. Fisher was awarded that survey contract and that will be the next replacement area in Paxton Creek.

Mr. Seeds questioned what the Commonwealth Financial Authority decision was all about. Mr. Weaver noted that it was the fact that the Authority did not get the grant. Mr. Shannon noted that it was part of the November report that the Authority was denied the grant.

Mr. Seeds noted on page 2-16, the RFP for survey work for RJ. Fisher, he questioned if the Board would take action on the RFP. Mr. Wolfe noted that it would go to the Supervisors meeting.

Mr. Seeds questioned on page 4-1, if the PennDOT 50% actual cost, is that the Authority billing PennDOT for engineering services. Mr. Shannon noted that is for raising manholes and a portion of other project costs that goes along with it.

Mr. Seeds noted that the minutes state that GHD would provide inspectors and discuss other agreements during the February meeting. Mr. Shannon noted that it was the Engineer's agreement that you acted upon. He noted that the inspector agreement was approved during the November 2013 meeting. He explained that the Authority is only using two inspectors at this time and GHD is keeping the other inspectors busy with other work. Mr. Wendle noted that it is the renewal of the annual service agreement as there are no other agreements.

### **Solicitor's Report**

Mr. Stine noted that he had no report.

### **Adjournment**

Mr. Crissman made a motion to adjourn the meeting. Mrs. Lindsey seconded the motion, and the meeting adjourned at 8:45 p.m.

Respectfully submitted,

Maureen Heberle  
Recording Secretary

Approved by,

William L. Hornung  
Authority Secretary